

Petaluma prepares to lower development impact fees

City's fees are among the area's highest

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After more than a year of examination and recalculation, Petaluma is poised to significantly reduce its development fees, a move seen by some as a way to rehab the city's image as anti-business.

Four years ago, the city dramatically increased its development impact fee structure with the adoption of a new General Plan, which created some of the highest fees in the county for those wanting to build new housing or commercial buildings.

Since then, little development has occurred in Petaluma. Now city staff, Chamber of Commerce representatives and some city leaders have urged the City Council to reduce the fees to potentially capture lost opportunities.

The council informally adopted a new fee structure last month and today are expected to formally pass several new ordinances to formalize the new rules.

Currently developers pay nearly \$60,000 for each single-family dwelling built, with an additional \$9,000 per home for major subdivisions. That fee ranks just above Novato's \$59,100 and well above Windsor's \$46,900. Santa Rosa and Rohnert Park charge \$38,300, and San Rafael's fee is \$33,700, according to Petaluma planners.

Today's likely action will lower the fees for a single-family dwelling by about 28 percent. The new fee will be about \$43,000, putting Petaluma in the middle of Sonoma County cities.

For retail buildings of 50,000 square feet or less, Petaluma now requires about \$1.5 million in various impact fees, and about the same for office uses larger than 50,000 square feet.

Those fees put Petaluma at the top of what comparable cities charge, which some say create a competitive disadvantage.

Development impact fees pay for affordable housing; public art; parks and open space acquisition; the building of community centers, libraries, police and fire stations; and traffic, water and wastewater infrastructure. They are meant to offset the impacts of new residents and development on a city's services and infrastructure.

Bill Sumski, a partner in PB&J Acquisitions, whose tenants include Camelback, Athleta, Calix and other large commercial properties in Petaluma, applauded the reductions as good for business.

"We're heading in the right direction," he said. "It is something that will be looked favorably upon ... It's a good start."

He said not all tenants will pay more to be in Petaluma.

"It's a lifestyle choice to be here," he said. "But of course it's all about economics."

Today's actions also will reduce traffic and transportation-related impact fees by about 7.5 percent. Removing two road projects from the wish-list eliminated the need to collect as much.

And because of reduced demand forecasts, water-hookup fees will go down by 72 percent and wastewater connection fees will be lowered by 18 percent.

Local business representatives since last year have urged the council to reduce the fees after hearing complaints from businesses hoping to relocate or expand in Petaluma but haven't because of the fees.

"The current impact fees -- which are by far the highest of any city in Sonoma County -- serve to discourage the development our community has determined that it wants to encourage," chamber CEO Onita Pellegrini told council members.

The council meets at 6 p.m. today at 11 English St.

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